

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of )  
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Report on the Future of the Universal Service Fund ) WC Docket No. 21-476  
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**REPLY COMMENTS OF RURAL WIRELESS ASSOCIATION, INC.**

The Rural Wireless Association (“RWA”)<sup>1</sup> submits these reply comments in response to the Federal Communications Commission’s (“FCC” or “Commission”) Notice of Inquiry (“NOI”) seeking comment on issues related to the future of the Universal Service Fund (“USF” or “Fund”)<sup>2</sup> in light of the broadband investments in the Infrastructure Investment and Jobs Act (“Infrastructure Act” or “Act”).<sup>3</sup>

RWA made three specific recommendations in its Comments on the NOI to ensure its universal service goals are met now and in the future. First, the FCC should transition high-cost support for fixed broadband to ongoing support to maintain the networks that are deployed after the Infrastructure Act and current programs conclude. As the Commission noted, the Infrastructure Act does not provide for ongoing operational support and maintenance or additional capital expenses that will be necessary to ensure broadband remains available in most

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<sup>1</sup> RWA is a 501(c)(6) trade association dedicated to promoting wireless opportunities for rural telecommunications and broadband companies who serve consumers who, reside, work, or travel in rural America. RWA’s members are small businesses serving or seeking to serve secondary, tertiary, and rural markets.

<sup>2</sup> See generally *Report on the Future of the Universal Service Fund*, WC Docket No. 21-476, Notice of Inquiry, FCC 21-127 (Dec. 21, 2021) (“NOI”).

<sup>3</sup> Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (2021) (“Infrastructure Act” or “Act”).

currently unserved locations.<sup>4</sup> In those areas, those networks will not be sustainable without funding after initial deployment because available revenues will not cover ongoing operations and maintenance.

Second, the FCC should develop a model-based support mechanism to enable and sustain 5G mobile networks. The Infrastructure Act does not address mobile broadband in high-cost areas that are unserved for mobile broadband or would be unserved in the absence of support for mobility. Mobile broadband, however, is essential to our economy, national security, and citizen participation in our society. The Commission, therefore, must continue with the planned 5G Rural Fund. As it does so, however, the FCC should follow the example of the Infrastructure Act and use a distribution mechanism that is more effective and better serves the public interest than a reverse auction.

Third, the Commission should immediately move forward with reforming its USF contribution methodology to include broadband revenue. Our nation's communications infrastructure has migrated away from traditional voice-only and TDM-based telecommunications networks, yet those remain the primary funding base. Instead, business and residential customers use high-speed broadband networks, which are the primary funding recipients. This mismatch between fading funding sources and growing funding recipients is untenable. In addition, RWA suggests that Congress consider creative methods for funding network availability and affordability based on commercial transactions taking place over broadband connections.

The record developed in the comments on the NOI clearly supports these three recommendations.

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<sup>4</sup> *Id.* ¶ 32.

## **I. Transition Funding for Fixed Broadband to Support Sustainability in High-Cost Areas**

RWA urges the FCC to transition funding for broadband in high-cost areas from deployment to ongoing support for network sustainability and to maintain networks that are deployed after the Infrastructure Act and current programs conclude. After initial deployment, revenues will not cover the costs of ongoing network operations and maintenance. Moreover, although broadband networks last a long time when properly maintained, all of the components will need to be replaced eventually. The reason funding was needed to deploy broadband in these areas was because it was not economically viable to do so without support. Accordingly, ongoing funding will be needed, even as annual funding amounts are likely to be substantially lower than was needed for initial deployment.

Many parties filed comments calling for a transition to USF support for ongoing operations and maintenance of broadband networks built in part with USF or other funding. For example, WTA commented “[h]igh-cost USF support will continue to be necessary to address the high per-customer maintenance and operating costs and recurring post-construction capital costs in rural areas,”<sup>5</sup> and the Rural Broadband Providers argued that the “high-cost program should be modified to comprehensively support ongoing operating and maintenance costs to ensure that rates remain reasonably comparable to urban areas.”<sup>6</sup> NRECA recommended that “[t]he FCC should consider establishing a program to provide ongoing operations and maintenance support to rural and high-cost areas,”<sup>7</sup> and USTelecom advised that the FCC “should determine whether and where additional High Cost program support may be needed to

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<sup>5</sup> WTA Comments at 5-6.

<sup>6</sup> Rural Broadband Providers Comments at 21-22.

<sup>7</sup> National Rural Electric Cooperative Association (NRECA) Comments at 13-18.

ensure providers can cover the operational costs of networks in the most remote and high-cost areas.”<sup>8</sup>

Conversely, while some parties made the argument that additional high-cost USF is not needed for broadband deployment,<sup>9</sup> there is almost zero support for the proposition that broadband networks can be maintained, and service provided at comparable rates, in high-cost areas without ongoing USF support.<sup>10</sup>

## **II. Develop Model-Based Support for 5G Mobile Networks in High-Cost Areas**

The Infrastructure Act does not support the ability to use broadband outside of homes and business locations, which leaves a large divide between current high-cost USF funding and the funding necessary to achieve FCC universal service goals. Enabling connections with customers and things while they are in motion has become an essential part of our nation’s communications infrastructure, facilitating safe and productive commuting, product and service delivery, precision agriculture, and the internet of things (IoT). Accordingly, the Commission should recommend in its report to Congress moving forward with a robust funding mechanism for 5G Mobile Networks in areas where the market alone will not support them.

Mobile *and* fixed services are complementary and key to fulfilling the Commission’s universal service mandate. Indeed, RWA agrees with the Benton Institute for Broadband & Society, that “households rely on both wireline *and wireless* broadband services. They often are not substitutes but a part of a continuum of connectivity that consumers rely upon in their daily lives.”<sup>11</sup> Rural America, in particular, needs mobile broadband as people live farther apart and

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<sup>8</sup> USTelecom Comments at 15.

<sup>9</sup> *See, e.g.*, CTIA Comments at 8-9; Verizon Comments at 7-10.

<sup>10</sup> Free State Foundation, *e.g.*, argues that most broadband subsidies should sunset. *See* Free State Foundation Comments at 8-9.

<sup>11</sup> Benton Institute for Broadband & Society at 16 (emphasis added).

spend more time traveling or working outdoors and away from homes and offices. In addition, as CTIA highlights, mobile broadband is more flexible and responsive to changing needs, for example, by supporting “virtual learning for more than 2.4 million children through the course of the [COVID-19] pandemic.”<sup>12</sup> The Commission should, therefore, take advantage of the opportunity provided by the Infrastructure Act’s funding of fixed broadband, to supplement the \$9 billion (\$900 million per year for 10 years) budgeted for 5G with some or all of the funding currently intended for the next phase of the Rural Digital Opportunity Fund. Such a move could help address what the Coalition of Rural Wireless Carriers characterizes as “perennial problems associated with the insufficient levels of USF support made available by the Commission for mobile wireless broadband deployment in rural, high-cost areas.”<sup>13</sup> When the Commission does stand up a 5G Fund, it should not use reverse auctions to select funding recipients or allocate support. There is substantial agreement in the record that reverse auctions have not served the public interest when it comes to high-cost support. For example, NTCA explained that “reverse auctions make no sense as a distribution mechanism” where networks and some service already exist (in part or in whole),<sup>14</sup> and the California Emerging Technology Fund recommended the FCC conduct an analysis whether reverse auctions “really deliver results in terms of delivering adequate service to hardest-to-reach areas of the Nation.”<sup>15</sup>

Among other issues, the reverse auction framework has resulted in the construction of unsecure and inadequate broadband networks and has failed to provide the necessary funding for broadband build-out.<sup>16</sup> RWA therefore advocates for the development of a cost-based model that

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<sup>12</sup> CTIA Comments at 12.

<sup>13</sup> Coalition of Rural Wireless Carriers at 7.

<sup>14</sup> NTCA Comments at 25.

<sup>15</sup> California Emerging Technology Fund Comments at 8.

<sup>16</sup> As RWA and others have commented in the 5G Rural Fund and Supply Chain dockets, Mobility Phase I funding was awarded to carriers that chose Huawei and ZTE equipment and services that were far less costly than Ericsson and Nokia, but were subsequently determined by Congress to be unsecure and heavily subsidized by the

would fund 5G build-out and provide support for the maintenance and operation of existing 4G LTE networks. This model should be based on the cost of maintaining and supporting Radio Access Networks and their support structures with backhaul and on a portion of the core network factored into the model. The FCC should create competitive scoring criteria to allocate this funding. The FCC could then transition to a fund that supports operations and maintenance for rural 4G/5G networks.

### **III. Reform USF Contributions to Provide Sufficient, Predictable, and Sustainable Support for the Commission’s Universal Service Goals**

As nearly all commenters recognize, the FCC’s current contribution methodology is unsustainable given the move to broadband networks, and it must be revised to “[e]nsure [l]ong-term [s]ustainability” of the USF.<sup>17</sup> USF has evolved from sustaining voice services to supporting high-speed broadband,<sup>18</sup> but its funding base has not evolved at the same time. Accordingly, RWA agrees with the many commenters asking the Commission to add broadband revenue to the USF contribution base as an immediate interim step while Congress works on a longer term solution.<sup>19</sup>

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Chinese government. See NTCA Comments, GN Docket No. 20-32, at 5 (Jul. 7, 2020) <https://www.ntca.org/sites/default/files/federal-filing/2020-07/Comments%205G%20Fund%20adjustment%20factor%20GN%20Dkt%2020-32.pdf>; RWA Reply, WC Docket No. 18-89, at 8-9 (Jun. 4, 2020) [https://ecfsapi.fcc.gov/file/10604297468643/RWA%20Secure%20Networks%20Act\\_Reply%20Comments\\_Final%20version.pdf](https://ecfsapi.fcc.gov/file/10604297468643/RWA%20Secure%20Networks%20Act_Reply%20Comments_Final%20version.pdf); see also *Mobility Fund Phase I Auction Scheduled for September 27, 2012, Notice and Filing Requirements and Other procedures for Auction 901*, AU Docket No. 12-25, Public Notice, DA 12-641 (rel. May 12, 2012); see generally Secure and Trusted Communications Networks Act of 2019, Pub. L. 116-224, 134 Stat 158 (2020) (Secure Networks Act).

<sup>17</sup> NRECA Comments at 10.

<sup>18</sup> As early as 2011, almost eleven years ago, the Commission acknowledged the inadequacy of voice-centric billing as opposed to leaning on burgeoning broadband network-based subsidies, and the need to “Modernize USF ... for Broadband.” *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17670 ¶ 11 (2011).

<sup>19</sup> E.g. Vermont Department of Public Safety Comments at 2; WTA Comments at 17; National Lifeline Association at 11; NRECA Comments at 12.

The Commission should expand USF’s contribution base to include broadband revenue or a “connections-based” methodology, “to ensure that all connections using the networks benefitting from federal universal service contribute to the program.”<sup>20</sup> A broadband revenue or connections-based model would more fairly align contributions with support, and take steps toward assessing those with a greater stake in a universally available communications infrastructure—cloud services, digital advertising, video services, and edge providers.<sup>21</sup> Ultimately, Congress should transfer the support burden to the largest beneficiaries and individual users (*i.e.*, cost-causers) of broadband networks—these cost causers who are engaged in commercial transactions over our broadband networks are benefitting from the convenience of using broadband and the associated cost savings broadband provides.<sup>22</sup> Therefore, RWA also urges Congress to consider innovative methods to fund infrastructure deployment, including supporting such projects based on commercial transactions that occur over broadband connections. RWA concurs with Verizon’s assertion that BIAS (broadband internet access service) revenue alone will may not sufficiently fund USF.<sup>23</sup>

Respectfully submitted,

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March 17, 2022

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<sup>20</sup> John Staurulakis, LLC (JSI) Comments at 29.

<sup>21</sup> See USTelecom Comments at 5.

<sup>22</sup> See RWA Comments at 10 (asking for a study to determine the impact of commercial transactions conducted on broadband networks).

<sup>23</sup> See Verizon Comments at 13.